specialist

Alimentation Couche-Tard Inc. 2003 Annual Report

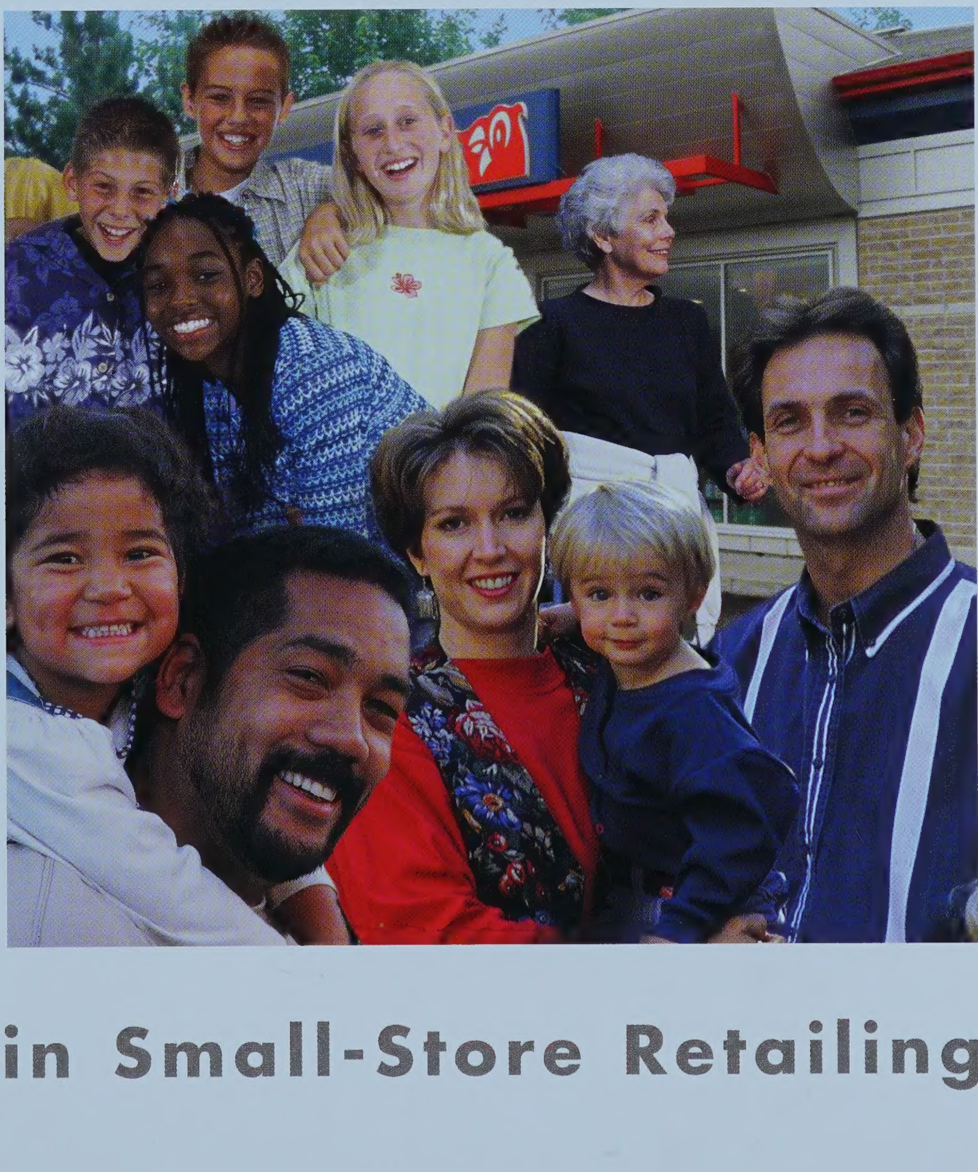
Contents

The Annual General Meeting of Shareholders will be held on Wednesday, September 24, 2003 at 11:00 a.m., at the VIP Centre, 1000 de la Gauchetière Street West, Mezzanine Level, Montreal, Quebec.

Day-to-Day Focus on

THE CUSTOMER

Specialist



in Small-Store Retailing

One of the first Couche-Tard stores offering a selection of core convenience products... well before the Dépan-E$compte concept implemented in Couche-Tard's stores in the early nineties, and the Store 2000 concept now being deployed in its Canadian and U.S. markets.

This Couche-Tard is a true **destination** that offers customers an efficient, comfortable and enjoyable shopping experience. Easily accessible and open 24 hours a day, seven days a week, the store features a diversified product/services mix, including quality fresh food and pre-cooked home meal replacements, an automated teller machine, a Subway and a Dunkin' Donuts.

Day-to-Day Focus on

THE  CUSTOMER

Small-Store Retailing Specialist...

Because convenience retailing has been **our business** for nearly a quarter century. From its origins as a small retail food store, Couche-Tard has over the years gained a unique experience. Through acquisitions and store openings, we have developed expertise and a North American network that, while retaining its original focus, is highly flexible to face stiffer competition and provide customers with the very best offering in our industry.

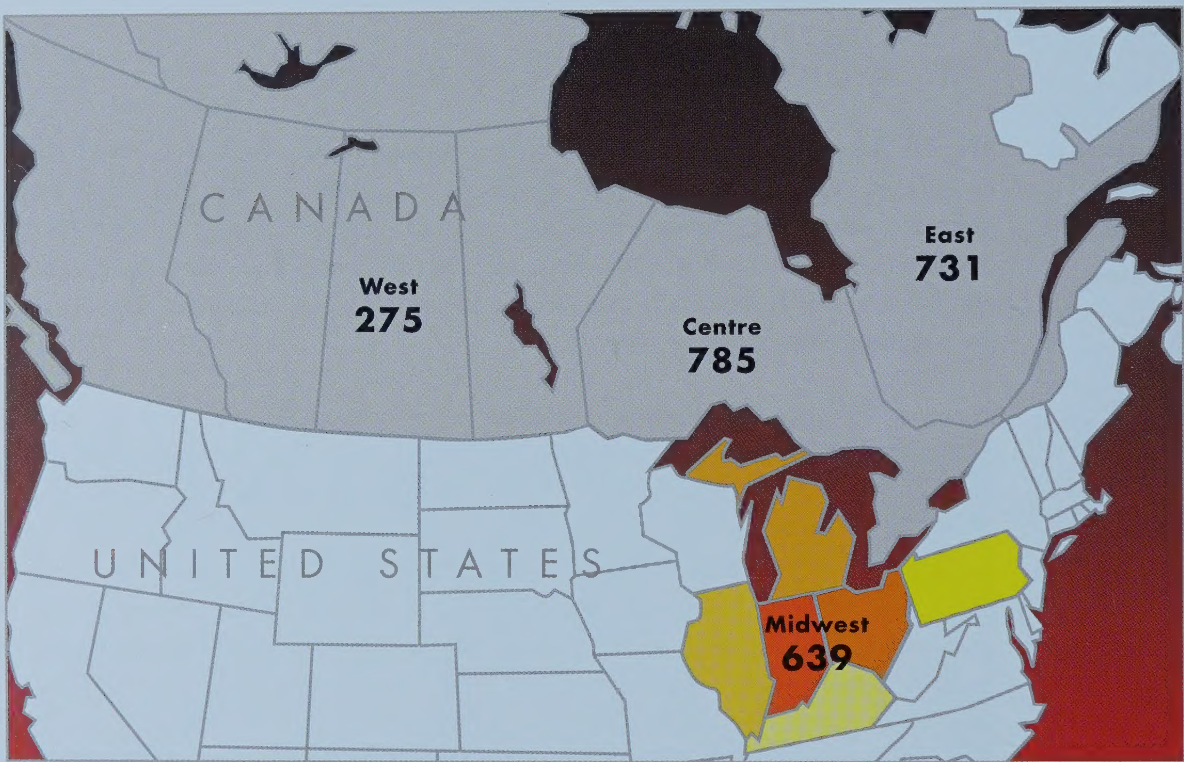
Because we have a **long-term vision** of a company made up of several networks operating as innovative, high-performance platforms. Our business model has proven successful both across Canada and in the U.S. Midwest.

Because **micro-marketing merchandising** is our major strength. We have built a reputation on a winning strategy that entails knowing what customers want and meeting their needs, ongoing innovation, the use of innovative technologies and **differentiation**.

Because our teams have a unique know-how that we continue to develop. We have one of the lowest employee turnover rates in the industry. **Training and professional development** through practical yet creative methods are top priorities.

Leader in the Canadian convenience store industry

Ranked 7th in North America



July 2003

2,430 stores in North America

including 966 and 164 quick-service restaurants (QSRs)

In Canada: **1,791** including 525

731 in Eastern Canada, 785 in Central Canada and 275 in Western Canada

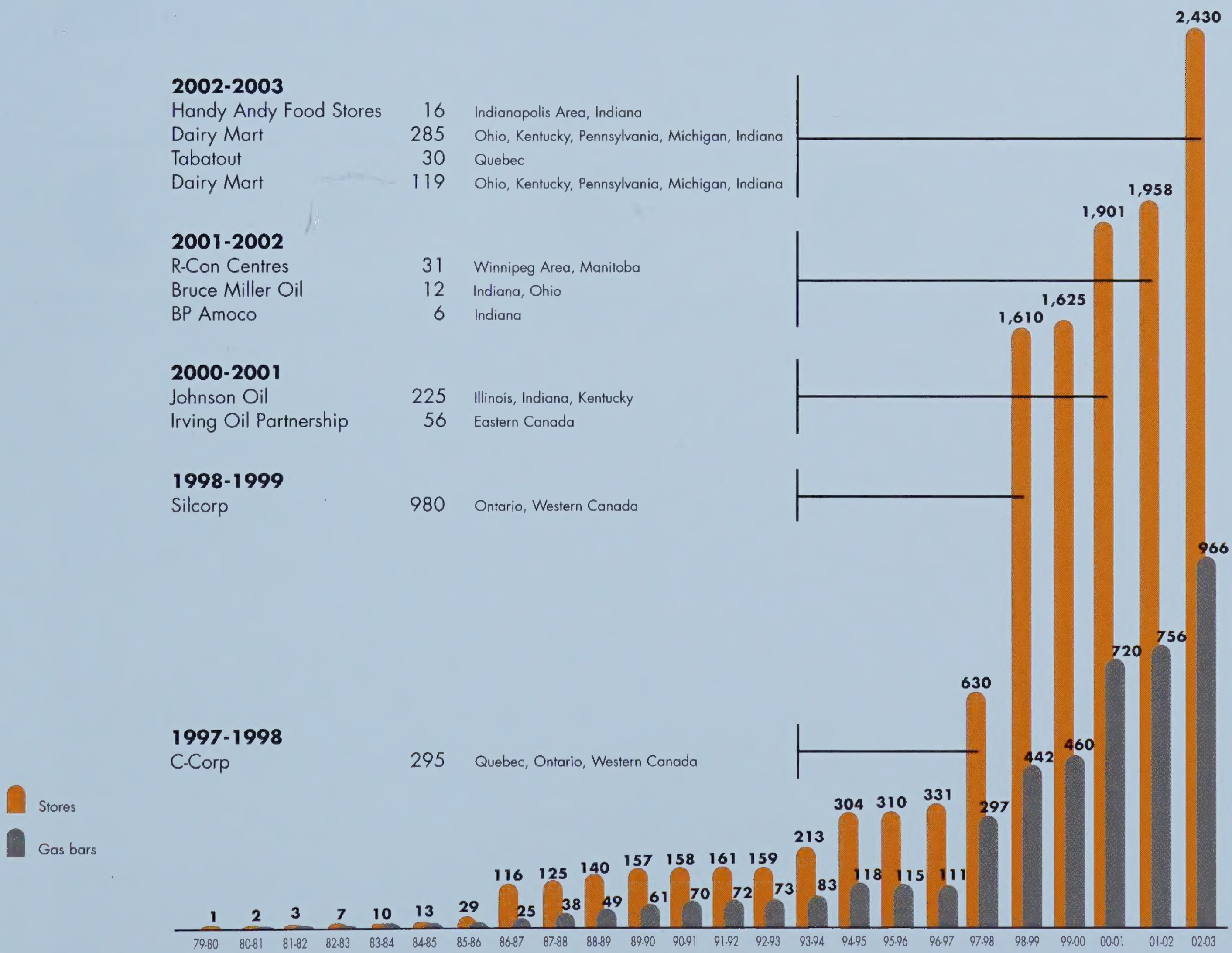
In the United States: **639** including 441

18,500 people working at head office and throughout the network

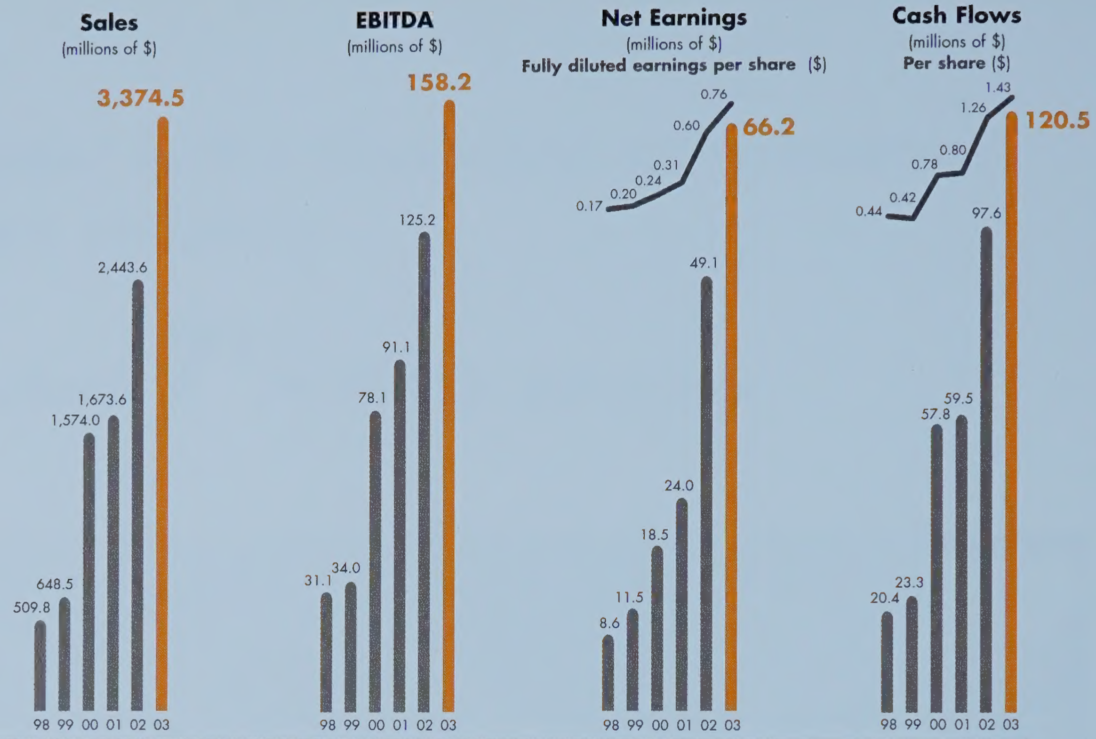
Some **2,500** different products and services offered throughout the network

Network Expansion

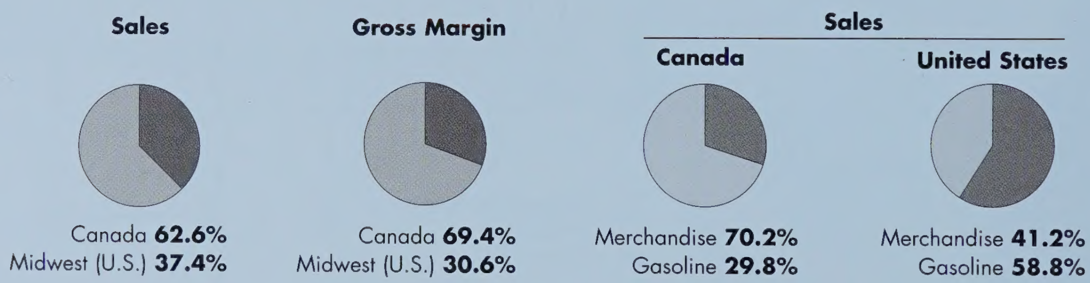
2002-2003		
Handy Andy Food Stores	16	Indianapolis Area, Indiana
Dairy Mart	285	Ohio, Kentucky, Pennsylvania, Michigan, Indiana
Tabatout	30	Quebec
Dairy Mart	119	Ohio, Kentucky, Pennsylvania, Michigan, Indiana
2001-2002		
R-Con Centres	31	Winnipeg Area, Manitoba
Bruce Miller Oil	12	Indiana, Ohio
BP Amoco	6	Indiana
2000-2001		
Johnson Oil	225	Illinois, Indiana, Kentucky
Irving Oil Partnership	56	Eastern Canada
1998-1999		
Silcorp	980	Ontario, Western Canada
1997-1998		
C-Corp	295	Quebec, Ontario, Western Canada

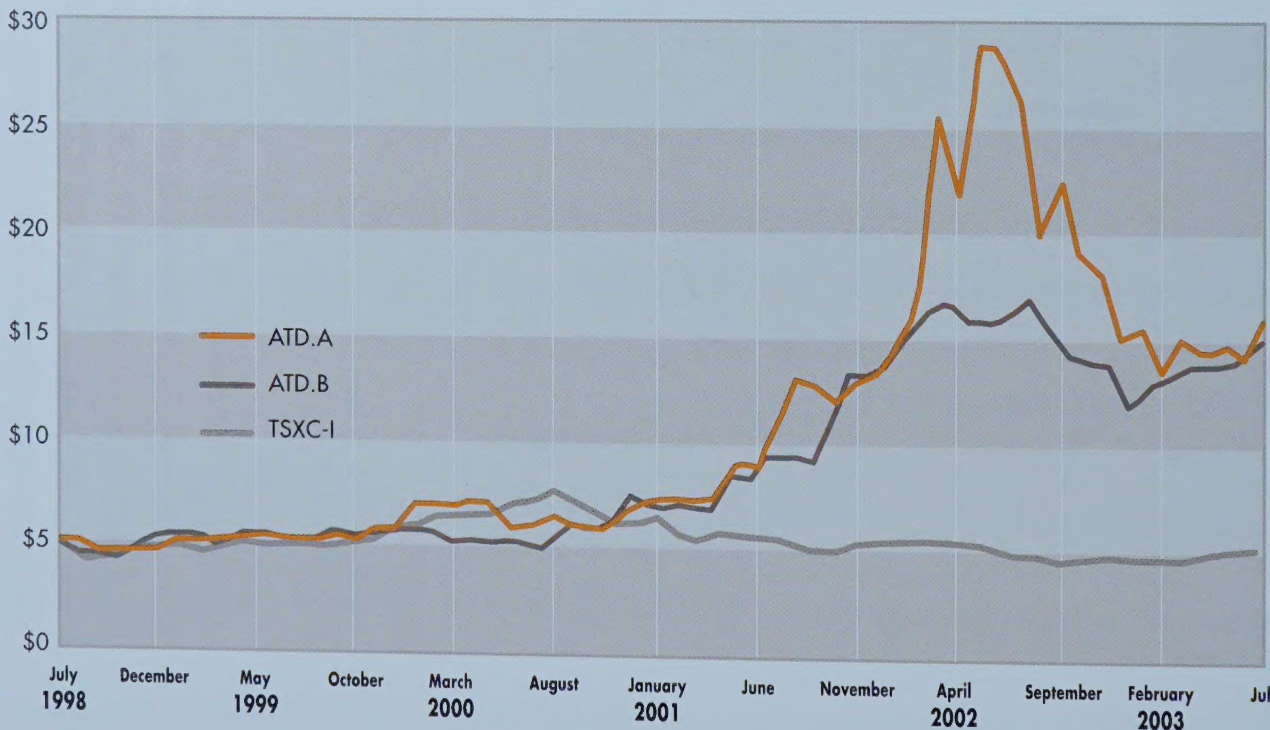


July 2003



	Sales	EBITDA	Net Earnings	Cash Flows
Compound annual growth	**45.9%**	**38.4%**	**50.5%**	**42.7%**





Taking into account the two-for-one share splits in July 2001 and July 2002

Financial Highlights

Year ended April 27, 2003
(in thousands of Cdn. dollars except per share amounts, ratios, litres and gallons)

	2003	2002	2001	2000	1999	1998
	$	$	$	$	$	$
Consolidated Results						
Sales	**3,374,463**	2,443,592	1,673,634	1,573,991	648,517	509,821
EBITDA	**158,163**	125,172	91,131	78,106	33,981	31,104
Net earnings	**66,234**	49,062	23,971	18,507	11,480	8,599
Cash flows	**120,535**	97,610	59,491	57,790	23,344	20,369
Per Share						
Earnings						
Basic	**0.78**	0.63	0.32	0.25	0.21	0.19
Fully diluted	**0.76**	0.60	0.31	0.24	0.20	0.17
Cash flows	**1.43**	1.26	0.80	0.78	0.42	0.44
Book value	**5.26**	4.55	3.07	2.75	2.52	1.66
Financial Position						
Total assets	**1,071,348**	787,167	560,159	542,176	520,025	203,020
Fixed assets	**441,259**	315,018	213,492	202,076	175,413	94,380
Interest-bearing debt	**296,313**	180,653	148,997	183,669	199,645	74,197
Shareholders' equity	**445,170**	377,123	228,351	204,075	184,480	92,993
Ratios						
Interest-bearing debt/ total capitalization	**0.40:1**	0.32:1	0.39:1	0.47:1	0.52:1	0.44:1
Interest-bearing debt/EBITDA	**1.87:1**	1.44:1	1.63:1	2.35:1	5.88:1	2.39:1

Information on Main Categories of Products (Canada — United States)
(in thousands)

Sales						
• Merchandise and Services						
— Canada	**1,482,215**	1,349,565	1,214,263	1,185,761	468,158	329,168
— U.S.	**520,360**	205,150				
• Gasoline						
— Canada	**630,144**	532,203	459,371	388,230	180,359	180,653
(litres) [2]	**1,239,241**	1,177,271	1,023,825	1,002,879	656,986	601,536
— U.S.	**741,744**	356,674				
(gallons) [2]	**355,478**	187,872				
Gross Margin						
• Merchandise and Services (% of sales)						
— Canada	**31.23%**	31.68%	32.60%	32.10%[2]	28.18%[2]	27.35%[2]
— U.S.	**32.57%**	32.61%				
• Gasoline [1]						
— Canada (cents/litre) [2]	**4.64**	4.63	4.29	4.54	4.15	4.14
— U.S. (cents U.S./gallon) [2]	**12.23**	13.86				

[1] Corporate stores
[2] Unaudited

Highlights

1st quarter ended July 21, 2002

- Increases of 31.9% in sales and 43.1% in net earnings
- Opening of nine stores in Canada and implementation of the Store 2000 concept in 39 locations
- Acquisition of 16 Handy Andy Food Stores (Indiana, U.S.) on July 2, 2002
- Two-for-one split of all issued and outstanding Class "A" multiple voting shares and Class "B" subordinate voting shares without par value

2nd quarter ended October 13, 2002

- Increases of 27.3% in sales and 30.2% in net earnings
- Closing of the acquisition of 285 Dairy Mart Convenience Stores (Ohio, Kentucky, Pennsylvania, Michigan, Indiana) on August 20, 2002, matched with a one-year management contract for another 169 stores allowing for their purchase or their sale on behalf of Dairy Mart or their closing
- Mac's Convenience Stores LLC, Couche-Tard's American subsidiary, becomes the operator of the Bigfoot, Handy Andy and Dairy Mart banners
- Opening of four stores and implementation of the Store 2000 concept in 45 locations
- Pilot project with Canadian Tire to convert some gas stations operated by Couche-Tard into Canadian Tire and some Canadian Tire convenience stores into Couche-Tard

3rd quarter ended February 2, 2003

- Increases of 45.4% in sales and 38.1% in net earnings
- Merger of the two administrative offices in the United States and consolidation of these operations at the Columbus, Indiana office
- Acquisition of 27 Dairy Mart stores under management contract
- Opening of 11 stores and implementation of the Store 2000 concept in 75 locations
- Acquisition of 30 Tabatout stores in Quebec (non-traditional stores in high-traffic areas)

4th quarter ended April 27, 2003

- Increases of 46.4% in sales and 27.3% in net earnings
- Acquisition of the 92 Dairy Mart stores under management contract on March 21, 2003. End of management contract
- Renegotiation of merchandise and gasoline supply agreements in the U.S. Midwest
- Opening of 22 stores and implementation of the Store 2000 concept in 61 locations

Message to Shareholders

Year 2002-2003 was highlighted by a strong expansion, the successful integration of our acquisitions and strategic achievements, upholding our track record. Our growth over the past two years attests to the success of our business model in both Canada and the American Midwest.

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

Highlights

1st quarter ended July 21, 2002

- Increases of 31.9% in sales and 43.1% in net earnings
- Opening of nine stores in Canada and implementation of the Store 2000 concept in 39 locations
- Acquisition of 16 Handy Andy Food Stores (Indiana, U.S.) on July 2, 2002
- Two-for-one split of all issued and outstanding Class "A" multiple voting shares and Class "B" subordinate voting shares without par value

2nd quarter ended October 13, 2002

Message to Shareholders

Year 2002-2003 was highlighted by a strong expansion, the successful integration of our acquisitions and strategic achievements, upholding our track record. Our growth over the past two years attests to the success of our business model in both Canada and the American Midwest.

In the United States, our purchases of Dairy Mart Convenience Stores and Handy Andy Food Stores closed in 2002-2003 followed in the footsteps of our acquisitions of Johnson Oil Company and Bruce Miller Oil in 2001-2002. Over the past two years, we have established our first growth platform in six Midwestern states where we now have a large, profitable network of 639 stores, most of which will be under the Mac's banner. These acquisitions have not only brought us complementary skills and expertise, but also strengthened our organization with key executives experienced in their respective markets. While enhancing our business practices and giving us more in-depth knowledge of our markets, these teams all share an entrepreneurial culture focused on innovation and profits.

Our growth over the past year was quite remarkable as we were faced with strong pressures on tobacco products and gasoline profit margins. We can control these variables by adapting our investments accordingly and, above all, by further differentiating ourselves with a micro-marketing strategy and optimizing our integrated sales management. We are also forging new growth niches such as non-traditional stores, and making new acquisitions to further increase our buying power and competitive edge.

Even more noteworthy is the fact that despite industry pressures, we achieved a satisfactory operating profit margin of 4.7% and net earnings growth of 35%. What's more, our balance sheet remains healthy and we have strong leverage to pursue our growth.

The further implementation of our Store 2000 concept in 220 sites during the year, bringing the total to 819 stores or 41% of our corporate network, largely contributed to the year's profit margin. Besides this performance driver, we must highlight the synergies of over $10 million achieved in integrating Dairy Mart — the full-year impact of the improvements made to the stores acquired under the Bigfoot banner — the payback of our Quebec distribution centre where Phase I has proven a definite success — and our focus on controlling expenses at head office and network-wide.

Solid organic growth in our three Canadian markets, combined with our network expansion, yielded sales of $2.11 billion in Canada. With the full-year participation of our 2001-2002 acquisitions and the partial contribution of those of 2002-2003, U.S. revenues rose to $1.26 billion. Our consolidated sales thus climbed to $3.37 billion, up 38.1% over the prior year, and we posted net earnings of $66.2 million.

Our cash flows from operating activities totalled $141.4 million. Despite our strong expansion during the year, our capital structure remains very healthy with indebtedness at 40% of total capitalization.

Like the Bigfoot banner, Dairy Mart was integrated with great efficiency. Within less than eight months, the integration was mostly completed. A three-year business plan with specific objectives was drawn up. We have started benchmarking and re-engineering the product/services mix in each site to increase sales and profits.

After 22 months of operating Bigfoot, the gross margins on same-store sales of merchandise have improved, thanks to in-store enhancements, the gradual introduction of our differentiation concept and quick-service restaurants. Using this successful experience, we will continue to build on our competitive advantages and merchandising know-how to increase same-store profitability across the American Midwest.

We are conducting a site-by-site analysis to offer the best product mix in each location based on local socio-demographic features. This analysis has been greatly favoured by the installation of POS scanning technology at Dairy Mart cash registers in the first three months of integration.

Having renegotiated 280 Dairy Mart leases to achieve significant savings in rent, we have now started to remodel these stores and will convert most of them to the Mac's banner. Following our acquisition of Dairy Mart, we consolidated our gasoline banners in the Midwest and merged the two administrative offices well ahead of plan. We also renegotiated our merchandise supply conditions and much of our gasoline supply to include the volume sold by Dairy Mart. All these initiatives will be fully reflected in next year's results.

Couche-Tard and Mac's teamed up with 66 national branded restaurants over the past year. Quick-service restaurants in our sites increase in-store traffic and diversify our clientele. Combined with our proprietary brands and fresh foodservice mix, co-branding makes a Couche-Tard or Mac's a true "destination" for consumers.

More than ever, convenience stores must evolve to serve different customer segments and contend with increasingly fierce competition. Visiting a store must be a pleasant experience, help customers save time and keep them coming back. Whether it's to buy a few items, have a bite or relax for a moment, customers shop at these stores because of their very convenient locations and efficient service 24/7. Quick-service restaurants are therefore increasingly important in our stores network-wide, and we now have a total of 164. We are also building on our Store 2000 concept with a quality/freshness mix. In the very first year this concept is implemented, same-store sales grow by at least 10% and profit margins improve by a minimum of 1%.

Traditional convenience products, including gasoline, will always be part of our core mix. But our proprietary brands, fresh meal solutions and branded quick-service restaurants are important drivers for our future growth.

We successfully increased our penetration of the non-traditional niche by acquiring 30 Tabatout stores in Quebec. These small stores made an immediate contribution to both sales and profits, and their results are on the rise.

In addition to our neighbourhood stores, building a network of small stores in high-traffic areas fits perfectly with the strategy of diversifying our growth avenues. Located in office buildings, shopping centres, university campuses, airports and subway stations, these smaller-sized stores generate higher-than-average sales per square foot. By acquiring small networks and opening new stores in our three Canadian markets, we intend to expand this niche to some 200 points of sale within the medium term.

Where will our growth come from in 2003-2004?

In our four markets, we will remain focused on building a differentiated product/services mix, using innovative technologies and professional development.

We will continue to pay special attention to employee training, to which we allocate about 4% of our total payroll. The result is greater workplace satisfaction, more initiative, better productivity and a lower-than-average employee turnover rate. Our organization is supported by teams whose expertise and depth allow to look forward to strong growth.

During 2003-2004, we will step up the rollout of new technologies to fine-tune our management by product category, thereby giving store operators more time to serve customers on the sales floor. In 2002-2003, we created a data warehouse and started to implement an integrated POS system in the Canadian network. In Eastern Canada, we are currently testing an integrated in-store inventory management and automated ordering system to optimize the supply chain.

In Canada, we will pursue our internal growth and strengthen the network through a focus on:

- further innovating and implementing our differentiation concept in 140 stores during the year. We will fast-track the development of a fresh foodservice mix that will be marketed under our proprietary brands. Our Quebec distribution centre is starting its Phase II, which will enable it to deliver dairy and fresh products to stores several times a week;
- intensifying our co-branding program to increase and diversify the quick-service offerings in our three markets, where we intend to open about 50 restaurants during the year;
- optimizing our strategic alliances; and
- further expanding the network by opening 60 stores including non-traditional stores.

In the United States, the structural changes under way in the convenience store industry and the resulting pressures continue to lead to market consolidation in several states. **It is in this context that we have just signed an agreement to acquire some assets of Clark Retail Entreprises, Inc.** We had the opportunity to make a selective offer for 43 Clark stores, 33 of which are located in Illinois while the others are in Indiana, Iowa, Michigan and Ohio. These sites are of great interest to us as they would strengthen our presence in Illinois and would fit in perfectly with our network in the Midwest. They are all excellent stores with strong sales of both consumer products and gasoline. They generate revenues totalling some US$140 million and operating income (EBITDA) of about US$4.5 million annually. We expect this transaction could close in August 2003.

In the meantime, we have started Year II of our Midwestern business plan which is focused especially on:

- differentiation in about 100 sites, including new proprietary brands and ready-to-serve fresh products in order to increase in-store business and offset the impact of the pressures on tobacco and gasoline profit margins;
- quality of service;
- the use of innovative technologies; and
- the opening of a dozen stores and about 15 quick-service restaurants.

We are confident that the growth of our four markets, combined with the new initiatives and the benefits of the synergies in the American Midwest, will lead to a solid performance in 2003-2004.

We are very proud of our teams, as they allow us to move forward with enthusiasm and to succeed. As for all the Dairy Mart employees who joined us this year, we wish to welcome them to the Couche-Tard family. We sincerely thank our directors and above all Simon Sénécal, who is leaving us after 17 years as a Board member.

Over the past year, our Human Resources and Corporate Governance Committee reviewed the corporate governance policies in force in major Canadian corporations. On July 3, 2003, this Committee made its recommendations to the Board, which then ratified the practices that will govern Couche-Tard in 2003-2004. We are proud to stand apart in corporate governance matters. I take this opportunity to thank the members of Committee for their professionalism and wise counsel.

To our shareholders, we express all our gratitude for your trust and confidence from year to year. We also reiterate our commitment to pursuing our growth in order to provide you with a rewarding return.

We will continue to ensure that Couche-Tard always has a place of choice in its customers' hearts.

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

And now,

I invite you to discover...

and don't tell me you still look at convenience stores as: "A tight, inconvenient space... You only shop there if you absolutely have to... You go in quickly to pick up a forgotten item and get out as fast as possible!"

We are confident that the growth of our four markets, combined with the new initiatives and the benefits of the synergies in the American Midwest, will lead to a solid performance in 2003-2004.

We are very proud of our teams, as they allow us to move forward with enthusiasm and to succeed. As for all the Dairy Mart employees who joined us this year, we wish to welcome them to the Couche-Tard family. We sincerely thank our directors and above all Simon Sénécal, who is leaving us after 17 years as a Board member.

And now,

I invite you to discover...

and don't tell me you still look at convenience stores as: "A tight, inconvenient space... You only shop there if you absolutely have to... You go in quickly to pick up a forgotten item and get out as fast as possible!"

Our definition of excellence: ongoing change and improvements.

Our clientele includes different age groups and lifestyles. Besides our core group of customers, namely adults who shop for traditional convenience products, another segment has emerged: teenagers. They visit our stores more frequently than adults, as they shop weekly for foodservice items, bottled, frosted and fountain drinks, candy, chips, etc. Another segment is also fast-developing: men and women who work full time, as well as young families, who have a greater need for practical, quality meal solutions near the workplace or for fresh products to go. Our customer base has grown and become segmented and its needs are always changing.

Our competition has also become multifaceted, going from the smallest store to the largest retail chain, which means we must offer the advantages of the smallest and the largest, avoiding the inconveniences of both as much as possible. That's our daily challenge as a small-store retailing specialist.

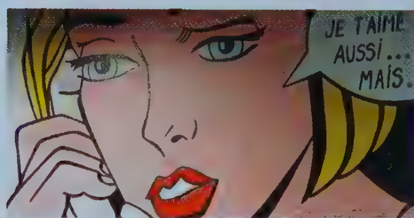
Some 12 million visitors shop at our 2,430 stores every week. We know that differentiation is only effective if customers appreciate the difference.

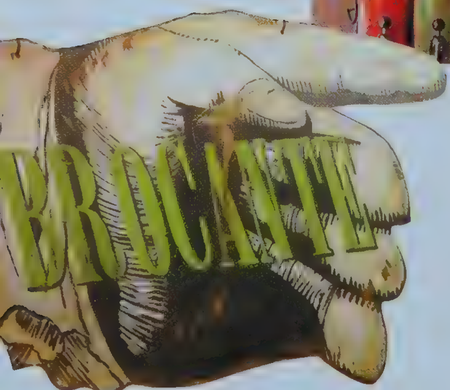
To meet this challenge, we build on two key assets:

1. our convenience retailing experience;
2. teams who develop creativity and know-how unique to our Company;

and three competitive advantages:

1. our innovative store designs, product/services mix, and micro-marketing merchandising strategy;
2. the use of state-of-the-art technologies in our stores and supply chain, for greater service and management efficiency and an enhanced competitive edge; and
3. human resources management know-how specific to convenience retailing.





"Complementing the initiatives that drive our growth in Eastern Canada, the acquisition of 30 Tabatouts fuelled our development in the non-traditional store niche."

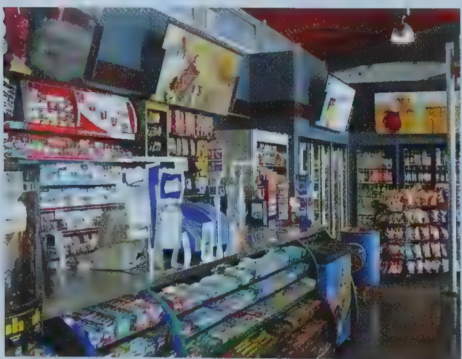
Stéphane Gonthier, Vice-President, Operations, Eastern Canada

destination

To create the appropriate atmosphere, our tailored store designs reflect the cultural and socio-demographic features of the neighbourhoods we serve.

In 2002-2003, 220 stores were renovated according to our Store 2000 concept: 38 in Eastern Canada, 90 and 10 in Central and Western Canada, and 82 in the Midwestern United States. This flexible concept allows us to carry out renovations tailored to the characteristics of each site, within a broad range of budgets and styles. Some stores need minor renovations varying between $40,000 and $60,000, while others require conversion that can reach up to $200,000. In the American Midwest, we have launched a remodelling program that has already increased same-store sales and profits. A total of 819 stores have been renovated since this concept was implemented in 1999, or 41% of our corporate network. In 2002-2003, these improvements accounted largely for the same-store sales increases of 9.2% in Canada and 7.9% in the American Midwest.

We will continue to develop our new niche of non-traditional stores in high-traffic areas.



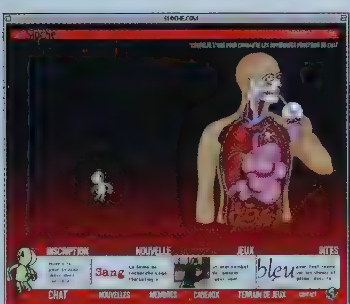
After setting up our first non-traditional stores at the airport in Calgary, Alberta and near the subway station in Longueuil, Quebec, we acquired 30 Tabatouts in Quebec generating sales of more than $15 million annually.

Joining our non-traditional network, this new Mac's co-branded with a Mr. Sub is strategically located in this busy marina in Windsor, Ontario.

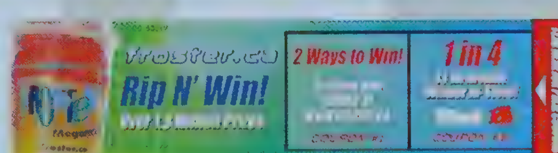
We develop brands that set us apart with top-quality, fresh products and targeted creative marketing — strong brands that make consumers want to come back.

Targeting teenagers from 12 to 17, Sloche has already gained brand equity of over 70% after just three years in the Eastern Canada market. Some 89% of customers regard these as quality products and 38% of consumers are ready to change store to buy the brand. The formula: quality frozen drinks offered in a variety of flavours and packaging that captures teenagers with the right touch of humour – all backed by innovative advertising, the Célébration Jeunesse event and a Web site set up to position the brand.

"Teenagers want authenticity. Telling them "we're cool" is the best way of scaring them off. You can't say it, you have to do it... They always want something new... if it isn't new, it misses the point and won't be successful."
Michel Bernard, Senior Manager, Marketing and Merchandising



In Central and Western Canada, while Froster beverages are targeted primarily to teenagers from 13 to 17, they also target 18-to-24 year-olds, with the support of the national Much Music and Space Channel chains as well as an interactive site and local events. In 2002-2003, Froster was hugely successful once again and stood out as one of the consumer brands most appreciated by young people across Canada. During the year, Froster products were launched in the American Midwest, and we started to market the Polar Pop brand in our Dairy Mart stores.



Coffee continues to be one of consumers' favourite beverages in our four markets. In Eastern Canada, coffee-lovers enjoy the Van Houtte brand — brewing equipment was installed in 160 stores in 2002-2003, and customers can acquire a loyalty card. Central Canada store customers enjoy Sunshine Joe branded coffee. In addition, several products such as bottled water, fruit juices and sandwiches were launched under this brand during the year. In Western Canada, the Seattle's Best brand continues to appeal to consumers, while our network in the American Midwest features the Millstone brand.

During the year, the Western Canada market launched Goode & Dunn, its own brand of fast food prepared in-store. Featuring quality grilled sausages and fresh pastries, this meal solution has already proven successful and is well worth developing.

The La Maisonnée freshness offering is increasingly popular in Eastern Canada. One of Couche-Tard's proprietary brands, La Maisonnée features appetizing fresh sandwiches. This brand will be the focus of important developments in 2003-2004.

"While rolling out the Store 2000 concept, now implemented in 53% of our network, and developing our proprietary branded product mix, we have undertaken to "mac'simize" the Mac's brand, which already has significantly more street presence. We will build upon this initiative in 2003-2004, with a focus on a broad-based branding plan."

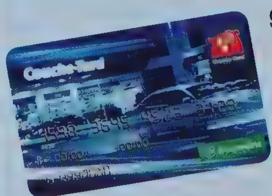
David Rodgers, Vice-President, Operations, Central Canada

estination

A huge selection of traditional convenience-store products, including gasoline sales, calling cards, newspapers and magazines, ATMs, lottery tickets...

We also continue to innovate in core convenience items. Our Canadian team has launched, in exclusivity, a private brand of premium-quality tobacco products at economical prices. Since early in June 2003, we have been selling cigarette packages and cartons under the Legend and Studio brands in all stores Canada-wide.

Gasoline distribution service continues to meet customers' needs, makes them visit more often, and increases business at our sites. We offer this convenience retailing service under both our proprietary brands and those of the petroleum companies we have signed long-term agreements with, such as Petro-Canada, Ultramar, Irving, Esso, BP Amoco, Shell and Marathon. In 2002-2003, with the acquisition of Dairy Mart and our network expansion, we added 210 gas bars, for a total of 966 selling some 2.6 billion litres annually. Establishing our first platform in the Midwest greatly enhanced our gasoline-selling experience. In 2002-2003, several supply agreements were renewed, including those with BP Amoco for all our American Midwestern sites and with Ultramar for about 60 locations in Quebec and Ontario. In Eastern Canada, we completed the second phase of our three-year gas bar optimization plan by re-imaging some 60 Petro-Canada and Ultramar sites and installing a pay-at-the-pump system in several locations. We also concluded an agreement to launch Phase II of the CAA-Québec loyalty program and undertook to develop a Couche-Tard business card. Finally, we set up a pilot project with Canadian Tire to convert some Couche-Tard gas bars to the Canadian Tire banner and some Canadian Tire convenience stores to Couche-Tard.



"About 90% of our sites in Western Canada are now Store 2000, which our competitors have not failed to notice... In fact, we like competition as it motivates us to continue innovating! We have thus reinvented the concept and once again taken the lead over our competitors."

Kim Trowbridge, Vice-President, Operations, Western Canada

destination

"Given the acquisitions in 2002-2003, our Midwestern network has almost tripled and its sales more than doubled. I would like to highlight the efficient integration of these acquisitions and the exceptional quality of the teams involved. And what teams! Bravo! And welcome to the big Couche-Tard family!"

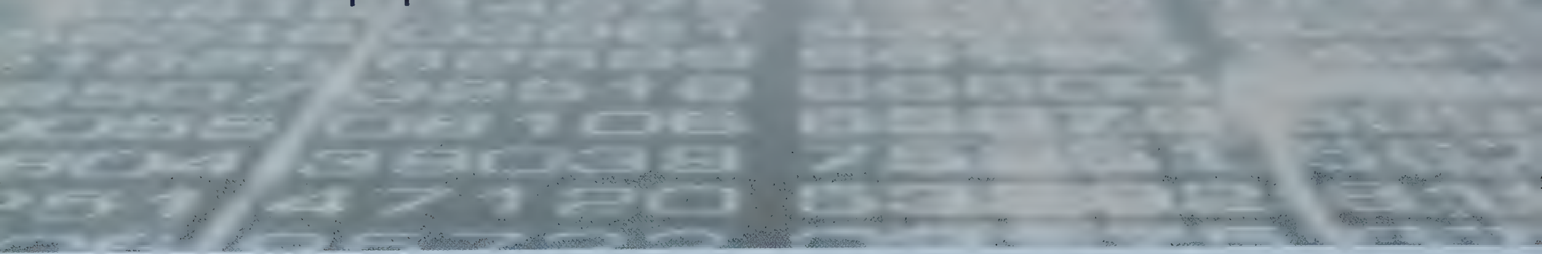
Brian Hannasch, Vice-President, Operations, American Midwest

destination

Co-branding with well-known quick-service restaurants: a growth driver of the evolving convenience retailing concept – as a large proportion of consumers' food budget is spent outside the home.

In 2002-2003, we opened 66 in-store restaurants, bringing to 164 the number of restaurants co-branded with our stores. According to the business plans for each of our networks, we will pursue these developments in the future, and we intend to open about 60 restaurants in 2003-2004.

Our efficiency as a convenience store operator involves the implementation of information technologies, systems integration and the use of state-of-the-art equipment in all our stores.



To accelerate our data processing, better manage our stores and optimize the execution of our business programs, we made important progress in integrating our systems during 2002-2003.

In Canada, we continued to integrate our supply chain by setting up a data warehouse and a new Internet telecommunications infrastructure, which will allow us to implement a perpetual inventory and assisted-ordering system in 2003-2004. Bringing this module on-line will increase our supply chain efficiency, allowing stores to provide customers with the right product, at the right time and in the right quantities. That will greatly simplify store operators' administrative work, giving them more time to serve customers on the sales floor.

During 2002-2003, we started up the Powerplay business intelligence software to maximize our efficiency in marketing and gasoline and merchandise sales.

In Canada, we have undertaken to renew our processes with an integrated point-of-sale system, including the installation of touch screens in all Mac's stores starting in July 2003.

In the Midwest, we are further optimizing our data processing by implementing an integrated point-of-sale system, which will support the deployment of the new micro-marketing merchandising strategy and point-of-sale inventory management. All the Dairy Mart stores were rapidly converted to optical-scanning technology, thereby reducing inventory losses and increasing ordering efficiency.

As for our gasoline distribution service, it has also gained in efficiency, as the implementation of a pay-at-the-pump system was accelerated in all our markets in 2002-2003.

Management's Discussion and Analysis of Operating Results and Financial Position

Over the past five years, from 1998-1999 to 2002-2003, Couche-Tard has achieved compound annual growth of 45.9% in sales, 38.4% in operating income (EBITDA) and 50.5% in net earnings.

Richard Fortin
Executive Vice-President
and Chief Financial Officer

Our efficiency as a convenience store operator involves the implementation of information technologies, systems integration and the use of state-of-the-art equipment in all our stores.

Management's Discussion and Analysis of Operating Results and Financial Position

Over the past five years, from 1998-1999 to 2002-2003, Couche-Tard has achieved compound annual growth of 45.9% in sales, 38.4% in operating income (EBITDA) and 50.5% in net earnings.

This management's discussion and analysis should be read in conjunction with the financial statements and related notes appearing in this annual report. Unless indicated otherwise, all financial information is expressed in Canadian dollars and is prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Summary Profile

During the fiscal year ended April 27, 2003, Couche-Tard continued to consolidate its industry leadership in Canada and to improve its position in North America, where it is now ranked as the seventh-largest chain of convenience stores. At the beginning of July 2003, the Company had 2,430 stores under the Couche-Tard, Mac's, Bigfoot and Dairy Mart banners, including 966 with gasoline dispensing. The 1,791 Canadian stores are spread throughout the three markets of Eastern, Central and Western Canada, while the 639 American stores extend into six Midwestern States: Illinois, Indiana, Kentucky, Ohio, Michigan and Pennsylvania. Over the past five years, Couche-Tard has achieved strong growth in a fiercely competitive environment. This growth has come largely from the efficient integration of its business acquisitions, combined with solid internal growth thanks to its experience as a small-store retailer and its convenience merchandising know-how. Since 1999-2000, the Company has implemented and steadily improved its Store 2000 concept, which features a diversified selection of products and services in modern and friendly stores, including fresh products ready to enjoy on site or to go, products sold under its proprietary brands and quick-service restaurants inside stores. In early July 2003, the network had 819 Store 2000 locations and 164 restaurants.

Major Acquisitions

On August 20, 2002, Couche-Tard closed the acquisition of the assets of Dairy Mart Convenience Stores, Inc., thereby becoming the owner of a chain of 285 stores in the American Midwest. This transaction was matched with a one-year management contract for another 169 Dairy Mart, allowing for the acquisition, sale on behalf of Dairy Mart or closing of some of those sites. Couche-Tard has since acquired 119 of these stores and ended the management contract on March 21, 2003. It should be noted that this transaction was preceded by the purchase of 16 Handy Andy Food Stores on July 2, 2002. These acquisitions completed Couche-Tard's first growth platform in the American Midwest. These stores were diligently and efficiently integrated, yielding synergies of over $10 million.

On December 9, 2002, the Company also acquired 30 Tabatout stores in Quebec.

Couche-Tard invested a total of $156.2 million in its acquisitions in 2002-2003, financed by bank loans.

Operating Results

Consolidated sales exceeded $3 billion to total $3.37 billion, up 38.1% over $2.44 billion the previous year. This increase of $930.9 million came from:

- **the expansion** carried out during the year, primarily the acquisition of the **Dairy Mart** stores which closed on August 20, 2002. This acquisition contributed to sales for 36 weeks and accounted for 52% of the Company's consolidated sales growth. This major contribution added to the participation of the 16 **Handy Andy** stores for a period of 42 weeks. As for the 30 **Tabatout** stores, they contributed to consolidated sales for 17 weeks. In addition, the Company opened 46 new stores during the year;
- combined with excellent **internal growth**, reflecting mainly the impact of the differentiation strategy in Canada, as well as the various in-store improvements and enhanced product/services mix of the Bigfoot chain acquired on June 22, 2001. Modernizing these stores and updating their offering led to an increase in business and customer loyalty. These major factors added to the contribution of the 18 stores acquired from BP Amoco (December 20, 2001) and Miller Oil (April 4, 2002) for the full fiscal year. Same-store sales of merchandise rose 9.2% in Canada and 7.9% in the United States. Same-store volumes of gasoline increased by 4.7% in Canada, while the volume sold in the American Midwest held fairly steady in light of the economic slowdown in the United States.

Operating income (EBITDA) grew by 26.4% to $158.2 million, up from $125.2 million the prior year. The **operating profit margin** was 4.7% versus 5.1% in 2001-2002, which is quite satisfactory considering the major pressures on gasoline and tobacco profit margins during the year. It should be noted that fluctuations in the retail price of gasoline have little effect on margins expressed in cents per litre or gallon, which reduces the operating profit margin expressed as a percentage of sales in the event of a higher price at the pump. For the fiscal year, the increase in the price of gasoline had a negative impact of about 0.2% on the operating margin. Excluding this factor, the margin was 4.9%, compared with 5.1% the previous year. The gross margin on gasoline in corporate stores held fairly steady in Canada, whereas in the United States, it decreased from 13.86 ¢ U.S. per gallon in 2001-2002 to 12.23 ¢ U.S. in 2002-2003. As for the significant rise in tobacco taxes in both Canada and the United States, it was not fully offset by retail prices.

The contribution of the Store 2000 locations to the operating profit margin is growing. In addition, the synergies achieved in integrating Dairy Mart and the tight control over expenses in the four markets lowered operating and general expenses as a percentage of consolidated sales by about 1.3%.

Earnings before income taxes rose 29.3% to $98.3 million, up from $76.0 million the prior year. This growth was particularly good as it occurred despite a 33.8% increase in depreciation and amortization, reflecting the year's acquisitions and developments, new store openings and the implementation of the Store 2000 concept. Despite a higher borrowing level in 2002-2003 following the acquisitions, financial expenses decreased by $0.9 million for the year, due to lower interest rates.

The effective tax rate stood at 32.6% for the fiscal year, down from 35.5% last year. This decline was due mainly to lower combined statutory rates in Canada and various tax benefits resulting from Couche-Tard's North American structure.

Net earnings amounted to $66.2 million or $0.78 per share ($0.76 fully diluted), up from $49.1 million or $0.63 ($0.60 fully diluted), an increase of 35.0% or $17.2 million.

Quarterly Data

(in thousands of dollars except per share amounts)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	02-03	01-02	**02-03**	01-02	**02-03**	01-02	**02-03**	01-02
Sales	**680,877**	516,119	**806,472**	633,396	**1,058,022**	727,860	**829,092**	566,217
Net earnings	**20,089**	14,036	**20,961**	16,099	**14,037**	10,168	**11,147**	8,759
Earnings per share								
Basic	**0.24**	0.19	**0.25**	0.22	**0.17**	0.13	**0.13**	0.11
Fully diluted	**0.23**	0.18	**0.24**	0.21	**0.16**	0.12	**0.13**	0.10

Principal Cash Flows and Financial Position

Cash flows from operating activities before net changes in non-cash working capital items totalled $120.5 million or $1.43 per share, compared with $97.6 million or $1.26 per share. This growth of 23.5% or $22.9 million reflected the significant increase in net earnings and the higher depreciation and amortization relating to the investments made during the year. **Cash flows from operating activities** after net changes in non-cash working capital items rose to $141.4 million, up from $77.4 million the prior year. This major increase came mainly from the growth in accounts payable following the acquisition of Dairy Mart.

Investment activities used cash flows of $243.0 million, compared with $196.3 million a year earlier. These funds were allocated mainly to:

- the acquisition of the assets of Handy Andy Food Stores, Dairy Mart Convenience Stores and Tabatout, as well as the purchase of equipment-leasing contracts in the Dairy Mart network for a total cash consideration of $156.2 million; and
- the purchase of fixed assets for $86.7 million, including the opening of 46 stores and the implementation of the Store 2000 concept in 220 locations.

As at April 27, 2003, Couche-Tard had **long-term debt** of $278.3 million, compared with $172.3 million as at April 28, 2002. This increase of $106.0 million was due to the fact that the Company financed its acquisitions with bank loans following changes to its long-term credit agreement, as described in further detail in note 12 to the financial statements.

Shareholders' equity amounted to $445.2 million for a book value of $5.26 per share as at April 27, 2003, up from $377.1 million and a book value of $4.55 a year earlier.

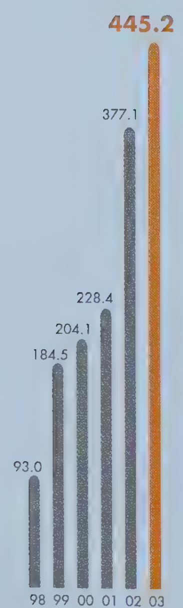
The **long-term debt/equity ratio** stood at 0.63:1, compared with 0.46:1 at the end of fiscal 2002. Couche-Tard considers this ratio to be comfortable and has a policy of keeping it below 1:1.

Total assets rose to $1.07 billion as at April 27, 2003, up 36.1% over April 28, 2002, after the year's acquisitions and developments.

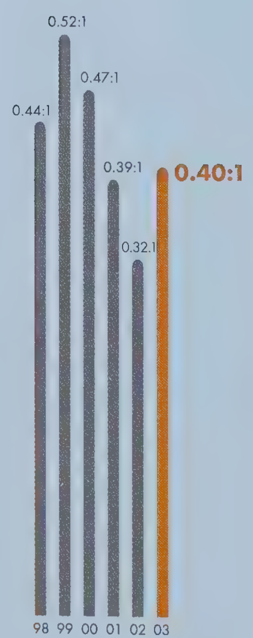
Liquidity and Capital Resources
(in thousands of dollars except for the ratio)

	As at 27-04-2003	As at 28-04-2002
Cash flows	**120,535**	97,610
Total cash flows from operations	**141,378**	77,433
Long-term debt	**278,327**	172,291
Interest-bearing debt	**296,313**	180,653
Interest-bearing debt/total capitalization	**0.40:1**	0.32:1
Shareholders' equity	**445,170**	377,123

Shareholders' equity
(millions of $)



Interest-bearing debt/ total capitalization ratio



Interest-bearing debt/ EBITDA ratio

Risks and Uncertainties

Couche-Tard operates in a highly competitive environment. Today's lifestyles are prompting consumers to seek efficiency above all when they go shopping. The fast-growing demand for convenience, a diversified product mix and quality customer service is fuelling the competition in the meal solutions market. This situation represents both a constant challenge and a source of opportunity for Couche-Tard, which focuses on meeting consumers' needs and has always taken a proactive approach with regard to the competition and consolidation trends in its industry.

To increase its buying power and consolidate its leadership, Couche-Tard focuses primarily on an evolving differentiation strategy that allows it to be less dependent on certain product categories such as gasoline and tobacco products whose price fluctuations affect its profit margins. To control these variables, the Company focuses increasingly on the development of value-added products and services that carry higher profit margins. It also relies on employee training, strong corporate brands (Couche-Tard and Mac's), the use of innovative technologies, as well as acquisitions based on well-defined criteria and yielding sustainable synergies.

In 2002-2003, Couche-Tard recorded more than one-third of its sales and gross margin in the Midwestern United States. The assets and liabilities of its U.S. subsidiary are converted into Canadian dollars at the exchange rate effective at the balance sheet date, as it is considered self-sustaining on the operational and financial levels. Its revenues and expenses are converted at the average rate in effect during the year. The Company has designated its entire long-term debt in U.S. dollars as an hedge of its investment in its U.S. subsidiary. Foreign exchange gains and losses relating to the conversion of the U.S. subsidiary's financial statements are thus presented under shareholders' equity as cumulative translation adjustments and the Company is therefore less exposed to the impact of exchange rate fluctuations on its net earnings.

As close to a thousand of its sites sell gasoline, Couche-Tard is particularly attentive to the environmental risks arising from such operations. Stringent requirements regarding underground tank storage have been imposed not only by the U.S. Environment Protection Agency (EPA), but also by Environment Canada and provincial environmental bodies. Couche-Tard strives at all times to fully comply with these standards in its gas bars throughout North America.

Capital Expenditures Planned for Fiscal 2003-2004 and Outlook

Couche-Tard plans to invest some $94 million in its growth plan during fiscal 2003-2004. These expenditures will be financed by means of cash flows and will be used mainly to:

- open 74 stores in its four markets;
- carry on its co-branding program by opening some 60 quick-service restaurants in its stores;
- continue implementing its Store 2000 differentiation concept in more than 240 sites;
- modernize stores and further extend the Mac's banner in the American Midwest;
- make various technological improvements in its network; and
- further develop its differentiation concept.

Given its excellent financial track record, Couche-Tard could easily have access to the capital markets for debt or equity funding to finance its expansion-by-acquisition.

The Company is confident it will achieve solid internal growth in 2003-2004, as it will benefit from its latest acquisitions for the full fiscal year, coupled with the many planned improvements to its product/services mix in its four markets.

Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and financial information contained in this Annual Report are the responsibility of management. This responsibility is based on a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to generally accepted accounting principles in Canada and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure reasonable accuracy, relevance and reliability of financial information and well-ordered, efficient management of the Company's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This Committee, which holds periodic meetings with members of management as well external auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The enclosed consolidated financial statements were audited by Raymond Chabot Grant Thornton, Chartered Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

Chairman of the Board,
President and Chief Executive Officer

Alain Bouchard

Executive Vice-President
and Chief Financial Officer

Richard Fortin

Auditors' Report

To the Shareholders of
Alimentation Couche-Tard Inc.

We have audited the consolidated balance sheets of Alimentation Couche-Tard Inc. as at April 27, 2003 and April 28, 2002 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 27, 2003 and April 28, 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton

Chartered Accountants
Montréal
June 13, 2003

Consolidated Earnings

Years ended April 27, 2003 and April 28, 2002
(in thousands of dollars, except per share amounts)

	2003	2002
	$	$
Sales	**3,374,463**	2,443,592
Operating income (Note 4)	**158,163**	125,172
Depreciation and amortization of fixed and other assets (Note 5)	**45,945**	34,337
Financial expenses (Note 5)	**13,948**	14,815
	59,893	49,152
Earnings before income taxes	**98,270**	76,020
Income taxes (Note 6)	**32,036**	26,958
Net earnings	**66,234**	49,062
Earnings per share (Note 7)		
Basic	**0.78**	0.63
Fully diluted	**0.76**	0.60

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Retained Earnings

Years ended April 27, 2003 and April 28, 2002
(in thousands of dollars)

	2003	2002
	$	$
Balance, beginning of year	**121,924**	75,898
Net earnings	**66,234**	49,062
	188,158	124,960
Share issue expenses (net of future income taxes of $1,524 in 2002)	**—**	3,036
Balance, end of year	**188,158**	121,924

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Cash Flows

Years ended April 27, 2003 and April 28, 2002
(in thousands of dollars)

	2003	2002
	$	$
OPERATING ACTIVITIES		
Net earnings	**66,234**	49,062
Non-cash items		
Depreciation and amortization	**42,437**	29,965
Loss on disposal of fixed assets and other assets	**2,051**	1,468
Future income taxes	**9,813**	17,115
	120,535	97,610
Deferred revenue	**899**	2,056
Provision for site restoration costs	**(15)**	(1,276)
Other	**(339)**	(1,286)
Changes in working capital items (Note 8)	**20,298**	(19,671)
Cash flows from operating activities	**141,378**	77,433
INVESTING ACTIVITIES		
Business acquisition (Note 4)	**(156,248)**	(128,139)
Fixed assets	**(86,746)**	(77,164)
Disposal of fixed assets and other assets	**3,528**	12,077
Goodwill and other assets	**(3,503)**	(3,098)
Cash flows from investing activities	**(242,969)**	(196,324)
FINANCING ACTIVITIES		
Bank indebtedness	**(7,512)**	5,495
Long-term debt	**180,233**	116,362
Repayment of long-term debt	**(40,743)**	(95,732)
Issue of shares	**4,453**	102,852
Share issue expenses	**—**	(4,560)
Cash flows from financing activities	**136,431**	124,417
Net increase in cash	**34,840**	5,526
Cash, beginning of year	**12,872**	7,483
Effect of foreign currency adjustments	**692**	(137)
Cash, end of year	**48,404**	12,872

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Balance Sheets

April 27, 2003 and April 28, 2002
(in thousands of dollars)

	2003	2002
	$	$
ASSETS		
Current assets		
Cash	**48,404**	12,872
Accounts receivable	**84,830**	51,339
Inventories	**188,848**	144,939
Prepaid expenses	**3,487**	1,939
Future income taxes	**7,798**	5,094
	333,367	216,183
Fixed assets (Note 9)	**441,259**	315,018
Goodwill	**268,612**	235,696
Other assets (Note 10)	**16,167**	15,237
Future income taxes	**11,943**	5,033
	1,071,348	787,167
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 11)	**—**	7,652
Accounts payable and accrued liabilities	**270,585**	196,194
Income taxes payable	**10,407**	720
Future income taxes	**16,614**	10,483
Instalments on long-term debt	**17,986**	710
	315,592	215,759
Long-term debt (Note 12)	**278,327**	172,291
Deferred credits and other liabilities (Note 13)	**8,965**	11,672
Future income taxes	**23,294**	10,322
	626,178	410,044
SHAREHOLDERS' EQUITY		
Capital stock (Note 14)	**258,536**	254,083
Contributed surplus	**1,222**	1,222
Retained earnings	**188,158**	121,924
Cumulative translation adjustments (Note 16)	**(2,746)**	(106)
	445,170	377,123
	1,071,348	787,167

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

Alain Bouchard
Director

Richard Fortin
Director

(in thousands of dollars, except per share amounts)

1. GOVERNING STATUTES, NATURE OF OPERATIONS AND YEAR-END DATE

The Company, incorporated under Part IA of the Companies Act (Québec), operates a network of convenience stores. The Company's year end corresponds to the last Sunday of April of each fiscal year.

2. CHANGES IN ACCOUNTING POLICIES

Stock-based compensation and other stock-based payments

On April 29, 2002, the Company adopted prospectively the new recommendations of the Canadian Institute of Chartered Accountants Handbook, Section 3870, entitled *Stock-based Compensation and Other Stock-based Payments*. This section defines notably recognition, measurement and disclosure standards for stock-based compensation to employees. These standards define a fair value-based method of accounting and encourage entities to adopt this method of accounting for its stock-based employee compensation plans. Under this method, compensation cost should be measured at the grant date based on the fair value of the award and should be recognized over the related service period. An entity that does not adopt the fair value method of accounting for its awards granted to employees is required to include in its financial statements pro forma disclosures of net income and earnings per share as if the fair value method of accounting has been applied. The Company has adopted the latter alternative treatment.

Earnings per share

During the year ended April 28, 2002, the Company adopted, on a retroactive basis, the new recommendations of the Canadian Institute of Chartered Accountants Handbook, Section 3500, regarding the calculation and presentation of earnings per share information. According to the new recommendations, the treasury stock method should be used instead of the imputed earnings approach to determine the dilutive effect of stock options for the purpose of calculating diluted earnings per share. The adoption of these new recommendations had a negligible impact on diluted earnings per share calculations.

Goodwill and other intangible assets

During the year ended April 28, 2002, the Company adopted, on a prospective basis, the new recommendations issued by the Canadian Institute of Chartered Accountants Handbook, Section 3062, entitled *Goodwill and Other Intangible Assets*. According to the new recommendations, goodwill and other intangible assets with a useful life determined to be indefinite are no longer amortized and are tested for impairment, either annually or more frequently if events or situations indicate possible impairment.

3. ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and of its subsidiaries which are wholly owned.

Foreign currency translation

The U.S. subsidiary's assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the balance sheet date since this subsidiary is considered to be self-sustaining from a financial and operational standpoint. Revenue and expenses are translated at the average rate in effect during the year. Gains and losses are shown under the cumulative translation adjustments account in the shareholders' equity.

The Company has designated its entire long-term debt denominated in U.S. dollars as a hedge of its net investment in its self-sustaining foreign subsidiary. Accordingly, the related exchange gains or losses are also presented under the cumulative translation adjustments account.

Earnings per share

Basic earnings per share is calculated by dividing the net earnings available to class "A" and class "B" shareholders by the weighted average number of class "A" and class "B" shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method which assumes that all stocks with an exercise price that is lower than the average market price will be exercised and that proceeds from these options will be used to repurchase class "B" shares of the company at their average market price during the year.

Revenue recognition

The Company recognizes revenue at the time of sale in stores.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Depending on products, cost is based on the average cost method or on the retail price less a normal gross margin.

Supplier rebates

Amounts collected pursuant to agreements with suppliers, before the revenue recognition criteria is satisfied, are deferred. These amounts are included in the calculation of operating income either at the time of sale or based on the term of the supplier agreement, as specified in each agreement.

Income taxes

The Company uses the tax liability method to account for income taxes. Under this method, future tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of the assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse. It is more likely than not that all of the future income tax assets will be realized.

Depreciation

Fixed assets are depreciated over their estimated useful lives according to the following methods, periods and annual rates:

	Methods	Periods and rates
Buildings and parking lots	Diminishing balance	5%
Petroleum infrastructure and leasehold improvements	Straight-line	7%
Equipment	Diminishing balance	15% to 30%
Signs	Diminishing balance	20%
Buildings under capital leases	Straight-line	Lease term

Goodwill

Goodwill is the excess of the purchase price of an acquired business over the fair value of underlying net assets acquired at the time of acquisition. Goodwill is not amortized. It is rather tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The impairment test consists of a comparison of the fair value of the Company's reporting units with their carrying amount. The fair value of the reporting units is determined according to an estimate of future discounted cash flows. When the carrying amount of a reporting unit is greater than its fair value, the Company compares the fair value of the goodwill related to the reporting unit with its carrying amount. Any impairment in the carrying amount of goodwill is charged to income.

Other assets

Financing costs are amortized on a straight-line basis over the period of the corresponding debt. Costs incurred in connection with the analysis and signing of operating leases are deferred and amortized over the lease term. Other deferred charges are amortized on a straight-line basis over a period of 5 to 7 years.

Employee future benefits

The Company accrues its obligations under employee pension plans and the related costs, net of plan assets. The Company has adopted the following policies with respect to the defined benefit plans:

(in thousands of dollars, except per share amounts)

3. ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

- The cost of pension benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and is recorded in income as the services are rendered by employees. The calculations reflect management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

The pension costs recorded in earnings for the defined contribution plan is equivalent to the contributions which the Company is required to pay in exchange for services provided by employees.

Environmental costs

Allowances for site restoration costs represent the estimated future cost of ensuring that the soil and sub-soil meet government standards for sites under the Company's responsibility. The obligation is recognized on the earlier of the following dates: the date on which the contaminant is discovered or the date on which operations on the site are discontinued. The estimated amount of future restoration costs is reviewed regularly based on available information and governing legislation. Where the forecast restoration costs, less any amount to be recovered from third parties, exceed existing provisions, an expense is recognized in the year during which the shortfall has been identified.

Stock-based compensation plan

The Company offers a stock option plan as described in Note 15. No amount is recognized for this plan when the share purchase options are issued to employees, managers and directors. Any consideration received when holders exercise their options is credited to capital stock. Since the Company does not account for stock options awarded to employees using the fair value based method, it discloses pro forma information regarding net earnings and earnings per share which are calculated as if the fair value based accounting method had been used to account for stock options awarded (See Note 15).

Financial Instruments

The Company uses derivative financial instruments by way of interest "swaps" to manage current and forecast risks related to interest rate fluctuations. The Company does not use speculative derivative financial instruments. Interest rate swaps are a hedge against interest rate fluctuations because they offset the risk related to changes in interest rates on the underlying hedged items. Interest rate swaps result in an exchange of interest payments without an exchange of principal underlying the interest payments. They are accounted for as an adjustment of accrued interest expense on loan instruments.

4. BUSINESS ACQUISITIONS

Year ended April 27, 2003

On August 20, 2002, the Company acquired certain assets of Dairy Mart Convenience Stores Inc. ("Dairy Mart") and became the owner of a chain of 285 stores in the states of Ohio, Kentucky, Pennsylvania, Michigan and Indiana. Taking acquisition costs into account, this acquisition was for a total cash consideration of $120,152. The full amount of the transaction was financed through bank loans subsequent to changes in the Company's long-term credit agreement.

This transaction included a one-year management agreement for 169 additional stores in this network, some of which could, under certain conditions, be acquired by the Company in the months following the acquisition, sold on behalf of Dairy Mart Convenience Stores Inc. or closed. Given the temporary nature of the management agreement, the net amount of sales, cost of sales and other operating costs associated with this agreement are shown under operating income. For the year ended April 27, 2003, the management agreement generated sales of $129,344 and operating income of $852.

During the year, the Company made four acquisitions of other store networks in Canada and the United States, for a cash consideration of $36,822 including certain stores managed under the above-mentioned management agreement.

All of these acquisitions, other than the Dairy Mart acquisition, are shown under "Other" in the following table.

Most of the goodwill is expected to be deductible for tax purposes.

The preliminary allocation of the above-mentioned purchase prices was determined using information available and on the basis of preliminary evaluations. The allocation is subject to change should new information become available.

	Dairy Mart	Other	Total
	$	$	$
Current assets	20,319	1,628	21,947
Fixed assets	73,174	27,597	100,771
Goodwill	30,427	7,963	38,390
Other assets	—	308	308
	123,920	37,496	161,416
Current liabilities assumed	3,768	674	4,442
Net assets	120,152	36,822	156,974
Less: Cash from the acquisition	(627)	(99)	(726)
Cash consideration	119,525	36,723	156,248

Year ended April 28, 2002

On June 22, 2001, the Company acquired some of the operating assets of Johnson Oil Company Inc., which operates a network of convenience stores under the Bigfoot banner in the states of Indiana, Kentucky and Illinois. Considering the transaction costs, this acquisition was made for a total cash consideration of $119,324.

In addition, during the year ended April 28, 2002, the Company acquired three other networks for a cash consideration of $8,815.

All of these acquisitions, other than the June 22, 2001 acquisition, are shown under "Other" in the following table:

	Johnson Oil Company Inc.	Other	Total
	$	$	$
Current assets	36,961	2,647	39,608
Fixed assets	60,137	7,779	67,916
Goodwill	57,312	1,907	59,219
	154,410	12,333	166,743
Current liabilities assumed	34,638	3,206	37,844
Note payable	448	312	760
	35,086	3,518	38,604
Net assets acquired and cash consideration paid	119,324	8,815	128,139

In connection with the Johnson Oil Company Inc. acquisition, the Company has signed leases for the rental of commercial space and petroleum facilities. Under these leases, the Company is required to pay approximately US$11,300 annually over 20 years. The leases include clauses for an annual indexation of 2%.

5. INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS

	2003	2002
	$	$
Depreciation and amortization of fixed and other assets		
Fixed assets	**44,108**	33,195
Other assets	**1,837**	1,142
	45,945	34,337
Financial expenses		
Interest on long-term debt	**12,720**	14,060
Interest on current liabilities	**1,228**	755
	13,948	14,815

6. INCOME TAXES

The income tax provision includes the following:

	2003	2002
	$	$
Current income taxes	22,223	9,843
Future income taxes	9,813	17,115
	32,036	26,958

The principal items which resulted in differences between the Company's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

	2003	2002
	%	%
Combined statutory income tax rate in Canada [a]	37.62	39.90
Impact of the announced tax rate reductions	(1.19)	(2.99)
Other permanent differences	(3.83)	(1.45)
Effective income tax rate	32.60	35.46

[a] The Company's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.

The components of future tax assets (liabilities) are as follows:

	2003	2002
	$	$
Short-term future tax asset (liability)		
Expenses deductible in future years	5,997	4,595
Deferral of GST and QST receivable	(16,614)	(10,483)
Deferred revenue	500	499
Non-capital losses	1,301	—
	(8,816)	(5,389)
Long-term future tax asset (liability)		
Fixed assets	(20,649)	(6,565)
Non-capital losses	800	1,041
Deferred revenue	2,050	3,125
Borrowing and share issue costs	448	574
Goodwill	8,645	(889)
Other assets	(2,645)	(2,868)
Other	—	293
	(11,351)	(5,289)

7. EARNINGS PER SHARE

2003	Earnings	Weighted average number of shares (in thousands)	Earnings per share
	$		$
Basic earnings attributable to class "A" and "B" shareholders	66,234	84,525	0.78
Dilutive effect of stock-based compensation	—	2,757	(0.02)
Diluted net earnings available for class "A" and "B" shareholders	66,234	87,282	0.76

2002	Earnings	Weighted average number of shares (in thousands)	Earnings per share
	$		$
Basic earnings attributable to class "A" and "B" shareholders	49,062	77,580	0.63
Dilutive effect of stock-based compensation	—	3,797	(0.03)
Diluted net earnings available for class "A" and "B" shareholders	49,062	81,377	0.60

In calculating diluted earnings per share for 2003, 1,725,000 stock options (0 in 2002) were excluded since they are antidilutive.

8. INFORMATIONS INCLUDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	2003	2002
	$	$
Accounts receivable	(36,245)	(7,062)
Inventories	(28,041)	(15,868)
Prepaid expenses	(1,831)	2,291
Accounts payable and accrued liabilities	76,888	10,708
Income taxes payable	9,527	(9,740)
	20,298	(19,671)

Cash flows from operating activities relating to interest and income taxes are detailed as follows:

	2003	2002
	$	$
Interest paid	12,591	12,280
Income taxes paid	11,570	18,556

9. FIXED ASSETS

2003	Cost	Accumulated depreciation	Net
	$	$	$
Land	42,400	—	42,400
Buildings and parking lots	90,128	29,790	60,338
Leasehold improvements	143,460	37,890	105,570
Petroleum infrastructure	73,945	19,307	54,638
Equipment	302,192	131,793	170,399
Signs	15,430	8,504	6,926
	667,555	227,284	440,271
Buildings under capital lease	4,533	3,545	988
	672,088	230,829	441,259

2002	Cost	Accumulated depreciation	Net
	$	$	$
Land	25,529	—	25,529
Buildings and parking lots	87,512	29,743	57,769
Leasehold improvements	90,465	32,332	58,133
Petroleum infrastructure	54,655	17,149	37,506
Equipment	238,286	109,484	128,802
Signs	13,474	7,384	6,090
	509,921	196,092	313,829
Buildings under capital lease	4,533	3,344	1,189
	514,454	199,436	315,018

10. OTHER ASSETS

	2003	2002
	$	$
Deferred charges, at amortized cost	8,005	9,505
Deferred pension expense	3,905	3,566
Other, at cost	4,257	2,166
	16,167	15,237

11. BANK INDEBTEDNESS

Bank indebtedness includes the portion of the credit facilities available to the Company which it has used.

The Company has a renewable operating credit in the amount of C$60,000 available in Canadian or U.S. dollars or as letters of guarantee which bears interest at the Canadian or U.S. prime rate plus 0% to 0.50% or at LIBOR plus 0.75% to 1.50%, depending on whether certain financial ratios are achieved. The operating credit is also available in the form of bankers' acceptances with stamping fees of 0.75% to 1.50%, depending on whether certain financial ratios are achieved. As at April 27, 2003, an amount of $59,644 was available under this credit facility and the effective interest rate was 2.31% (3.19% as at April 28, 2002).

The Company also has a US$3,000 line of credit which bears interest at the U.S. prime rate. As at April 27, 2003, an amount of US$3,000 was available under this credit facility and the effective interest rate was 4.25% (4.75% as at April 28, 2002).

(in thousands of dollars, except per share amounts)

12. LONG-TERM DEBT

	2003	2002
	$	$
Unsecured term loans granted under a credit arrangement [a]		
Credit A (including US$23,000 as at April 27, 2003 (US$6,000 as at April 28, 2002))	**53,306**	9,370
Credit B	**50,000**	50,000
Credit C (including US$98,226 as at April 27, 2003 (US$37,226 as at April 28, 2002))	**142,241**	58,136
Credit D (including US$32,604 as at April 27, 2003 (US$32,604 as at April 28, 2002))	**47,214**	50,918
Note payable secured by land, 9%, payable in monthly instalments, maturing in 2006	**249**	373
Mortgage loans secured by land and buildings, rates varying from 7% to 13.25% (5.79% to 13.25% in 2002), payable in monthly instalments, maturing on various dates until 2016	**335**	487
Buildings under capital lease, rates varying between 8.18% and 13.25% (8.18% and 13.25% for 2002), payable on various dates until 2018	**2,968**	3,717
	296,313	173,001
Instalments due within one year	**17,986**	710
	278,327	172,291

[a] Credit arrangement

Credit A

Revolving credit for a maximum amount of C$80,000 available in Canadian or US dollars, maturing on April 23, 2005, bearing interest at the Canadian or the U.S. prime rate plus 0.75% to 1.50%, or LIBOR plus 1.75% to 2.50%, depending on whether certain financial ratios are achieved. This credit is also available in the form of bankers' acceptances with stamping fees of 1.75% to 2.50% depending on whether certain financial ratios are achieved. As at April 27, 2003, the effective rate was 4.08% (4.06% as at April 28, 2002).

Credit B

Term credit for a maximum authorized amount of C$50,000 maturing on April 16, 2006 and bearing interest at the prime rate plus 2.75% or the bankers' acceptance rate with stamping fees of 3.75%. As at April 27, 2003, the effective rate was 6.66% (5.91% as at April 28, 2002).

Credit C

Term credit for a maximum authorized amount of US$98,226 payable in annual instalments of US$12,000 as of May 1, 2003 with the balance payable on May 1, 2006. This credit is available in Canadian or U.S. dollars in the form of advances or bankers' acceptances according to the same rates as credit A. As at April 27, 2003, the effective interest rate was 3.38% (4.07% as at April 28, 2002).

Credit D

Term credit for a maximum authorized amount of US$32,604 maturing on June 20, 2007, bearing interest at the U.S. prime rate plus 2% or at LIBOR plus 3%. As at April 27, 2003, the effective interest rate was 4.38% (4.81% as at April 28, 2002).

An amount of $25,000 of credit B is subject to an interest rate swap in order to establish the annual rate for the related bankers' acceptance at 5.25% until May 2004.

Under the credit arrangement, the Company has to satisfy certain commitments, including maintenance of certain financial ratios.

The instalments on long-term debt for the next years are as follows:

	Obligations under capital leases	Other loans
	$	$
2004	1,050	17,550
2005	936	70,849
2006	843	67,423
2007	694	90,149
2008	461	47,259
2009 and subsequent years	1,864	115
	5,848	
Interest expenses included in minimum lease payments	2,880	
	2,968	

13. DEFERRED CREDITS AND OTHER LIABILITIES

	2003	2002
	$	$
Deferred revenue	**7,957**	10,664
Provision for site restoration costs	**1,008**	1,008
	8,965	11,672

14. CAPITAL STOCK

Authorized

Unlimited number of shares without par value

First and second preferred shares issuable in series, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution, non-voting. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.

Class "A" multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class "B" subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class "A" multiple voting share can be issued.

Class "B" subordinate voting and participating shares, convertible automatically into Class "A" multiple voting shares on a share-for-share basis upon the occurrence of certain events.

The order of priority for the payment of dividends is as follows:

- First preferred shares;
- Second preferred shares;
- Class "B" subordinate voting shares and Class "A" multiple voting shares, ranking pari passu.

Issued and fully paid

The number of shares outstanding changed as follows:

	2003		2002	
	Number of shares	$	Number of shares	$
Class "A" multiple voting shares				
Balance, beginning of year	**28,548,824**	**12,029**	28,549,224	12,029
Conversion into class "B" shares	**—**	**—**	(400)	—
	28,548,824	**12,029**	28,548,824	12,029
Class "B" subordinate voting shares				
Balance, beginning of year	**54,383,092**	**242,054**	45,973,692	139,202
Issued	**—**	**—**	8,000,000	101,600
Issued on conversion of the Class "A" shares	**—**	**—**	400	—
Stock options exercised for cash	**1,663,000**	**4,453**	409,000	1,252
	56,046,092	**246,507**	54,383,092	242,054
Total issued and fully paid		**258,536**		254,083

(in thousands of dollars, except per share amounts)

14. CAPITAL STOCK (continued)

During the year ended April 27, 2003, the Company split all of its shares on a two-for-one basis. All share and per-share information in these consolidated financial statements have been adjusted retroactively to reflect this stock split.

On December 20, 2001, the Company issued 8,000,000 Class "B" subordinate shares voting shares for $12.70 per share, for total gross proceeds $101,600. The share issue expenses, net of the related future income taxes, total $3,036.

The weighted average number of shares used to compute basic earnings per share is 84,524,886 (77,580,298 in 2002). The number of shares used to compute fully diluted earnings per share is 87,282,060 (81,377,146 in 2002).

15. STOCK-BASED COMPENSATION

During the year ended April 27, 2003, the Company amended its two stock-based compensation plans by merging them into a single plan. The plan provides for granting stock options for the purchase of Class "B" subordinate voting shares. Under the plan, 8,446,000 subordinate shares were reserved for issue. As at April 27, 2003, a total of 2,206,500 subordinate shares were available for issuance as stock options. The conditions governing the granting and exercise of the options are established by the Board of Directors, as is the term of the options, which cannot exceed 10 years. The options granted can generally be exercised as follows: 20% on the day after the grant, the remaining options on the anniversary of being granted, over four years. The options cannot be granted at a price that is less than the market price on the grant date.

The table below presents the status of the Company's stock option plan as at April 27, 2003 and April 28, 2002 and the changes therein during the years then ended.

	2003		2002	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance, beginning of year	**7,563,000**	**6.70**	5,788,000	4.27
Granted	**265,000**	**14.79**	2,200,000	12.42
Options exercised	**(1,663,000)**	**2.68**	(409,000)	3.06
Cancelled	**(8,500)**	**5.93**	(16,000)	5.34
Balance, end of year	**6,156,500**	**8.14**	7,563,000	6.70
Exercisable options at end of year	**3,652,900**		3,975,000	

The following table presents information on the stock options outstanding as at April 27, 2003:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of outstanding options as at April 27, 2003	Weighted average remaining contractual life	Weighted average exercise price	Number of exercisable options as at April 27, 2003	Weighted average exercise price
			$		$
$4 - $6	3,692,000	3.10	5.11	2,720,000	5.13
$7 - $9	680,000	8.10	7.29	272,000	7.29
$13 - $16	1,784,500	8.96	14.73	660,900	14.72
	6,156,500			3,652,900	

The Company does not record any compensation cost. If the compensation cost had been determined using the fair value method at the date of attribution of stock options to employees, net earnings and earnings per share information would have been reduced to the pro forma amounts shown in the following table:

	For the year ended April 27, 2003	
	Disclosed	Pro forma
	$	$
Net earnings	66,234	65,601
Earnings per share	0.78	0.78
Diluted earnings per share	0.76	0.75

For purposes of calculating the compensation cost, the fair value of stock options is recognized using the straight-line method over the vesting period of the stock options.

The pro forma impact on net earnings for the period is not representative of the pro forma net earnings of future periods because it does not take account of pro forma compensation relating to options granted prior to April 29, 2002.

The fair value of options granted is estimated at the attribution date using the Black-Scholes options pricing model on the basis of the following assumptions for attributions granted during the year:

Expected dividend on shares	None
Expected average volatility	30%
Weighted average risk-free interest rate	5.26%
Expected life	8 years

The weighted average fair value of options granted during the year is $7.03.

16. CUMULATIVE TRANSLATION ADJUSTMENTS

	2003	2002
	$	$
Balance, beginning of year	**(106)**	—
Effect of exchange rate fluctuations during the year on the net investment in the self-sustaining foreign subsidiary	**(2,640)**	(106)
Balance, end of year	**(2,746)**	(106)

17. EMPLOYEE FUTURE BENEFITS

The Company has defined benefit pension plans and a defined contribution pension plan for certain employees.

Information about the Company's defined benefit plans, in aggregate, is as follows:

	2003	2002
	$	$
Accrued benefit obligations		
Balance, beginning of year	**30,766**	30,798
Current service cost	**586**	548
Past service cost	**3,215**	—
Interest cost	**1,916**	2,080
Benefits paid	**(2,251)**	(3,251)
Actuarial (gains) losses	**(4,626)**	591
Balance, end of year	**29,606**	30,766
Plan assets		
Fair value, beginning of year	**30,288**	35,316
Actual return on plan assets	**(3,588)**	(2,405)
Employees contributions	**112**	112
Benefits paid	**(1,735)**	(2,735)
Fair value, end of year	**25,077**	30,288
Funded status-plan deficit	**(4,529)**	(478)
Unamortized net actuarial loss	**10,051**	9,119
Unamortized transitional net asset	**(4,509)**	(5,075)
Unamortized past service cost	**2,892**	—
Accrued benefit asset	**3,905**	3,566

As at April 27, 2003, the accrued benefit obligation for pension plans with a funding deficit amounted to $9,715 ($5,916 in 2002). These plans are not funded and, accordingly, there are no assets.

(in thousands of dollars, except per share amounts)

17. EMPLOYEE FUTURE BENEFITS (continued)

Information about pension expense (income) for the Company's defined benefit plan for the year is as follows:

	2003	2002
	$	$
Pension expense (income)		
Current service cost, net of employee contributions	**474**	436
Interest cost	**1,916**	2,080
Expected return on plan assets	**(2,063)**	(2,721)
Amortized transitional asset	**(566)**	(565)
Amortized net actuarial loss	**93**	—
Amortized past service cost	**323**	—
Pension expense (income) for the year	**177**	(770)

The significant actuarial assumptions which management considers to be the most likely used to determine the accrued benefit obligation are as follows:

	2003	2002
	%	%
Discount rate	**6.5**	6.75
Expected rate of return on plan assets	**7.0**	8.0
Rate of compensation increase	**4.0**	4.0

The Company's total pension expense under its defined contribution plan for the year 2003 is $870 ($655 in 2002).

18. ENVIRONMENT

The Company is subject to Canadian and American legislation governing the storage, handling and sale of gasoline and related products. The Company considers that it is generally in compliance with current environmental legislation.

The Company has an on-going training program for its employees on environmental issues which includes preventive site testing and site restoration in cooperation with regulatory authorities. The Company also examines its gasoline equipment annually to make the necessary investments. In connection with the closure of certain business locations, the Company is required to remove its petroleum equipment.

In all U.S. states in which the Company operates, except Michigan, there is a state fund to cover the cost of certain rehabilitation and removing of gasoline tanks. These state funds provide insurance for gasoline facilities operations to cover the cost of cleaning up damage to the environment caused by the usage of underground gasoline equipment. Gasoline equipment tank registration fees and a gasoline tax in each of the states finance the trust funds. The Company paid the registration fees and remits the sales tax to the states where it is a member of the trust fund. Insurance coverage is different in the various states and can be as much as US$1,000 per site. The Company's deductible ranges from US$15 and US$55. There is no trust fund in the state of Michigan.

In order to provide for the above-mentioned restoration costs, the Company has recorded a $3,274 allowance for environmental costs as at April 27, 2003 ($1,841 as at April 28, 2002). Of this amount, $2,266 ($833 as at April 28, 2002) has been presented on a current basis.

19. FINANCIAL INSTRUMENTS

The following methods and assumptions were used to determine the estimated fair value of each class of primary financial instrument:

- The fair value of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities is comparable to the carrying amount thereof given that they will mature shortly.
- There is no material difference between the fair value and the carrying amount of the Company's long-term debt as at April 27, 2003 and April 28, 2002 given that the largest loans bear interest at a floating rate.

The fair value of the interest rate swap, as determined by the Company's bank based on quoted market prices for similar instruments at the balance sheet date, is $577 payable by the Company ($707 payable by the Company in 2002).

20. CONTRACTUAL OBLIGATIONS

As at April 27, 2003, the Company has entered into lease agreements expiring on various dates until 2027 which call for the payment of $986,583 for the rental of commercial space, equipment and a warehouse. Several of these leases contain renewal options and some space is subleased to franchise-holders. The minimum lease payments for the next five years are $104,363 in 2004, $95,140 in 2005, $83,042 in 2006, $73,478 in 2007 and $62,985 in 2008.

Moreover, the Company has concluded agreements to acquire equipment for an amount of $10,630 in the coming year.

21. CONTINGENCIES

Various claims and legal proceedings have been initiated against the Company in the normal course of its operations that relate to human resources and the environment. In management's opinion, these claims and proceedings are unfounded. Although the outcome of these proceedings cannot be determined with certainty, management estimates that any payments resulting from their outcome are not likely to have a substantial negative impact on the Company's results and financial position.

22. SEGMENTED INFORMATION

The Company essentially operates in one dominant segment, the sale of goods for immediate consumption and gasoline through corporate stores or franchise operations. It operates a convenience store chain under several banners, including Couche-Tard, Mac's, Bigfoot and Dairy Mart. Revenues from outside sources mainly fall into two categories: merchandise and gasoline. The Company operates convenience stores in Canada and, since June 2001, in the United States.

Information on the principal revenue classes as well as geographic information is as follows:

	2003			2002		
	Canada	U.S.	Total	Canada	U.S.	Total
	$	$	$	$	$	$
External customer revenues [a]						
Merchandise and services	**1,482,215**	**520,360**	**2,002,575**	1,349,565	205,150	1,554,715
Gasoline	**630,144**	**741,744**	**1,371,888**	532,203	356,674	888 877
	2,112,359	**1,262,104**	**3,374,463**	1,881,768	561,824	2,443,592
Gross margin						
Merchandise and services	**462,923**	**169,506**	**632,429**	427,526	66,890	494,416
Gasoline	**57,499**	**60,236**	**117,735**	54,484	36,735	91,219
	520,422	**229,742**	**750,164**	482,010	103,625	585,635
Fixed assets and goodwill [a]	**459,756**	**250,115**	**709,871**	428,018	122,696	550,714

[a] Geographic areas are determined according to where the Company generates operating income (where the sale takes place) and according to the location of the fixed assets and goodwill.

The Company is not dependent on one major customer as a revenue source.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Directors

Alain Bouchard (1)
Chairman of the Board,
President and Chief Executive Officer

Richard Fortin (1)
Executive Vice-President
and Chief Financial Officer

Réal Plourde (1)
Executive Vice-President
and Chief Operating Officer

Jacques D'Amours (1)
Vice-President, Administration

Robert Brunet (3)
Chief Administrator
President
Socoro (Robert Brunet Consulting)

Roger Desrosiers, F.C.A.*
Corporate Advisor

Jean Élie (2)
Director of Corporations

Josée Goulet
Chief Marketing Officer
Bell Canada

Roger Longpré (2) (3)
President
Mergerac Inc.

Jean-Pierre Sauriol, Eng.*
President and Managing Director
Dessau-Soprin Inc.

Jean Turmel
President
Financial Markets,
Treasury and Investment Bank
National Bank of Canada

(1) Member of the Executive Committee
(2) Member of the Human Resources and Corporate Governance Committee
(3) Member of the Audit Committee
* Appointments submitted to the approval of shareholders at the Annual General Meeting of Shareholders on September 24, 2003

Officers

Alain Bouchard
Chairman of the Board,
President and Chief Executive Officer

Richard Fortin
Executive Vice-President
and Chief Financial Officer

Réal Plourde
Executive Vice-President
and Chief Operating Officer

Yvan Bussières
Vice-President, Distribution

Jacques D'Amours
Vice-President, Administration

Stéphane Gonthier
Vice-President, Operations,
Eastern Canada and Secretary

Michel Guinard
Vice-President, Development

Brian Hannasch
Vice-President, Operations,
American Midwest

Dale Pettit
Vice-President and Treasurer

David Rodgers
Vice-President, Operations,
Central Canada

Kim Trowbridge
Vice-President, Operations,
Western Canada

Other Information

Head Office
1600 Saint-Martin Boulevard East
Tower B, Suite 200
Laval, Quebec H7G 4S7
Telephone: 450-662-3272
Fax: 450-662-6648

Auditors
Raymond Chabot Grant Thornton
600 de la Gauchetière West
Suite 1900
Montreal, Quebec H3B 4L8

Trustee
National Bank Trust
1100 University Street
Suite 900
Montreal, Quebec
H3B 2G7

Investor Relations
Richard Fortin
Executive Vice-President
and Chief Financial Officer

For additional information about Alimentation Couche-Tard Inc., shareholders, investors and analysts are requested to contact the Public Affairs Department by writing to the head office.

E-mail:
info@couche-tard.qc.ca

www.couche-tard.com

Design and Production: Lefebvre Financial Communications Inc. — Graphics: iotadesign
Cover and Officers' Photos: Gilbert Duclos